UNITED
NATIONS

E

Economic and Social Council

Distr.
LIMITED

E/C.10/AC.3/1993/L.3/Add.4
11 March 1993

ORIGINAL: ENGLISH

COMMISSION ON TRANSNATIONAL CORPORATIONS
Intergovernmental Working Group of
Experts on International Standards
of Accounting and Reporting
Eleventh session
4-12 March 1993
Agenda item 5

ADOPTION OF THE REPORT OF THE GROUP ON ITS ELEVENTH SESSION

Draft report

Addendum

Rapporteur: G. G. M. BAK (Netherlands)

II. ACCOUNTING EDUCATION AND STRENGTHENING OF THE PROFESSION

D. Accounting education and strengthening of the profession

54. At its 7th meeting, on 10 March, the Group considered six proposals from the Chairman which, if adopted and implemented, would help accountants and auditors better fulfil their global responsibilities by fostering the creation of a global profession. Three proposals, pertaining to the establishment of global qualification standards, a professional accreditation system and a multilingual dictionary of accountancy, were taken up together.

55. The expert from Germany affirmed the need for global qualification standards which would make the accounting professional equal around the world. It would be necessary to guarantee that only those who met the standard were registered. While in many countries a high level of accountancy had been achieved, there was no common guaranteed level world wide. This posed problems for developing countries and countries in transition, in which accountants were not accepted equally. He suggested that, based on the standards currently proposed, at a later stage new designations should be established, that of United Nations registered accountant and, on a higher level, that of United Nations registered auditor. There remained the question of who should develop such standards. He recommended the creation of a working group by the International Federation of Accountants (IFAC), the World Bank and other interested parties, in which government representatives would participate from

the beginning. Once the standards were written, the United Nations could enter into agreements with government agencies or other institutions which met the standards and the tasks of training and examination could be handled on a franchise basis. The tasks should be supervised by the United Nations so that a minimum level was achieved. He believed that many professionals would be interested in becoming a United Nations registered accountant or auditor. Such a title would guarantee global acceptance of an accountant's work. However, licensing would have to remain at the national level.

56. The expert from France mentioned that IFAC already had a standard for examination. The Chairman explained that what was meant by global qualifications standards included specifying the curricula, textbooks, examination materials and methods for conducting the examinations. The expert replied that he did not think that such work was within IFAC jurisdiction and that, furthermore, there would be financial problems. However, IFAC would be a source of guidance.

57. A number of experts fully supported the proposal as stated by the expert from Germany, including the experts from Cyprus, Mexico, Morocco, Nigeria, Pakistan, Poland, Sudan, Sweden, Switzerland and Ukraine. The expert from Switzerland added that he would like IFAC to undertake the task but that he was reluctant to give that role to IFAC without further guidance, since it had such a heavy Anglo-American orientation. It would be necessary to broaden its perspective by involving the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting. The Chairman noted that the participation of a number of organizations such as the World Bank would ease the financial burden.

58. The expert from the Netherlands concurred with a number of the ideas being considered. However, the normal procedure was to leave as much to the profession as possible and it should therefore be given the opportunity to improve its performance on its own. It was clear that IFAC should be involved in that effort; the question was how to get it to move. If it were unable or unwilling, ISAR would have to seek other means. The representative of the European Community agreed with the expert from the Netherlands and said that it was important to ask IFAC to undertake that task. IFAC should be urged to consider the various regional approaches and should start with the qualifications for accountants rather than that for statutory auditors. The concepts of qualification and licensing should be separate. The United Nations designation would not enable accountants to practise all over the world.

59. The expert from India doubted that IFAC could undertake the task because it seemed to be bogged down and suffered from tunnel vision. He was joined by the expert from Nigeria who thought that IFAC reflected the views of its financial supporters and that it did not have a global perspective. Therefore, together with the expert from Brazil, he thought that the Group would have to monitor the work. The expert from Bulgaria stated that the problem should be resolved within the Group and that IFAC might do the work under contract but the direction or terms of reference should be framed by ISAR.

60. The Chairman suggested that ISAR should start consultations with the World Bank and IFAC for a global master-plan on accounting education and related

matters, and an ad hoc committee should be formed to propose a plan of action. The Group agreed to that proposal.

61. The Group then considered the proposal that the United Nations should organize a forum to discuss the responsibilities and liabilities of auditors. The Chairman suggested that the United Nations invite lawyers, members of accountancy bodies and accountancy firms, and government regulators. The representative from the European Community thought that the topic was primarily a problem for developed countries and that it would need careful preparation. He therefore asked that it be kept as an item but postponed. He also pointed out that preparations for such a forum should take into account the various legal environments throughout the world. The experts from France, the Netherlands and Switzerland agreed with the idea of postponing the forum.

62. The experts from the Czech Republic, India and Sudan stated that they were all trying to deal with the problem and that the topic should not be postponed since it was a world-wide issue. The Group concluded that the forum should be held during the 1995 session.